
Appendix A

Housing Background Data

STATE LAW REQUIREMENTS FOR HOUSING ELEMENTS

Overview of State Law Requirements

State law establishes requirements for all elements of the General Plan. However, for the Housing Element the State law requirements are more specific and extensive than for other elements. While local jurisdictions must review and revise all elements of their General Plan on a regular basis to ensure that they remain up to date, State law requires that Housing Elements be reviewed and updated at least every five years. The process of updating Housing Elements is initiated by the State through the regional housing needs process, as described in the background section of this document. The last update of the City's Housing Element occurred in 1993.

State law defines the topics that all cities must cover in their Housing Element. Specifically, the Housing Element must contain:

- (1) "An assessment of housing needs and an inventory of resources and constraints relevant to meeting these needs . . ."
- (2) "A statement of the community's goals, quantified objectives, and policies relative to the maintenance, preservation, improvement, and development of housing . . ." and
- (3) "A program which sets forth a five-year schedule of actions the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing

element through the administration of land use and development controls, provision of regulatory incentives, and the utilization of appropriate federal and state financing and subsidy programs when available . . ."

Most importantly, the Housing Element must: (1) identify adequate sites with appropriate zoning densities and infrastructure to meet the community's need for housing, including its need for very low, low and moderate income households (see Housing Element Definitions and Figure 1 in this section of the Housing Element); and (2) address, and where appropriate and legally possible, remove governmental constraints to housing development.

Housing Action Plan

In establishing housing programs, the Housing Element sets forth an "Action Plan" that details the actions, or "programs," that will implement the goals and policies of the Housing Element. For each program, the Action Plan must identify the agency responsible, the timeframe for implementation, and the number of units that will be constructed, rehabilitated or conserved, or number of households that will be assisted.

Review of the Draft Housing Element by State HCD

State law also requires that every updated Housing Element be submitted to the State of California's Department of Housing and Community Development (HCD) for certification that it complies with the Government Code. The certification process ensures that the Housing Element is in compliance with the State's minimum requirements.

In order to obtain certification, the Housing Element is submitted twice to HCD for review and comment: once in draft form during development of the Housing Element; and again after adoption of the Housing Element by the City Council. The first review period takes 60 days. During the first review, HCD will submit comments back to the

City regarding compliance of the Draft Housing Element with State law requirements. The Draft Housing Element will be modified to address any important issues that are identified by HCD. The second review takes place after formal City Council adoption of the Housing Element. HCD will provide findings of compliance within 90 days of receiving the adopted Housing Element.

PROCESS FOR UPDATING THE HOUSING ELEMENT

The Housing Element must identify community involvement and decision-making processes and techniques that are affirmative steps to generate input from low-income persons and their representatives as well as other members of the community. This means that input should be sought, received and considered before the Draft Housing Element is completed. Requirements for public participation are described in Section 65583(c)(6)(B) of the Government Code.

This Housing Element was prepared in conjunction with an update of the City of Hollister General Plan. Community input received during General Plan workshops was incorporated into the housing needs analysis, housing constraints analysis, and the housing policies and programs recommended in this Draft Housing Element. The City hosted a Vision Workshop in April 2003 and a Community Workshop in June of 2003 designed to articulate a future vision of Hollister and to identify important planning issues and preferred land use alternatives and housing strategies. A General Plan Steering Committee, comprised of nine community members, held monthly public meetings in which housing issues were discussed and public comment was received.

In preparation of the Draft Housing Element, the City collaborated with various housing groups, community organizations and housing sponsors to develop the policies and programs. In addition, the City will continue to seek public review and comment during Planning

Commission and City Council meetings. Notices for all public meetings were sent to representatives of groups with special housing needs, low and very low-income persons, and neighborhood residents.

Groups invited to participate in the Draft Housing Element include: affordable housing developers and service providers such as Community Services Development Corporation, South County Housing, and the American Red Cross; neighborhood and civic associations such as the Rotary Club of Hollister, the Lions Club, and the Kiwanis Club; and, business groups such as the San Benito County Association of Realtors, the San Benito County Chamber of Commerce, the Economic Development Corporation of San Benito County, and the Hollister Downtown Association.

In addition, representatives from various educational institutions, public utilities, and government agencies were invited to attend meetings and review policies. Community members were kept informed of the public review process, meeting dates, and proposed housing policies and programs through extensive media coverage provided by San Benito County's local newspapers, *The Pinnacle* and the *Free Lance*, and through local access programming provided by Charter Communications Cable.

CONSISTENCY WITH OTHER GENERAL PLAN ELEMENTS

The General Plan serves as the 'constitution' for development in the city. It is a long-range planning document containing goals, policies and programs to guide decision-making. Once the General Plan is adopted, all development-related decisions must be consistent with the plan. If a development proposal is not consistent with the plan, the proposal must be revised or the plan itself must be amended. State law requires a community's General Plan to be internally consistent. This means that the Housing Element, although subject to special requirements

and a different schedule of updates, must function as an integral part of the overall General Plan, requiring consistency between it and the other General Plan elements.

A comprehensive update of the City of Hollister General Plan is currently being undertaken. This provides a significant opportunity for the community to evaluate land use and other issues comprehensively as they relate to the Housing Element. The development potential and programs of the updated Housing Element are consistent with the land use and development projections of the updated General Plan. Land use and development projections of the General Plan are also linked to planned facilities and infrastructure capacity. Specific issues addressed in other sections of the General Plan, but which are linked to and supported in the Housing Element, include: (1) the design of housing; (2) housing and circulation; and (3) support services and infrastructure for the community.

HOUSING VISION

It is important that the housing element be integrated with the entire general plan and not just focus on today's "issues" and "concerns." The last Housing Element contained a number of housing programs that should be carried forward in the update. The City's Housing Element and community discussions regarding the future of the City provide an important context and starting point for the identification of housing strategies.

The general plan as a whole, and the City's housing strategies, take a constructive, positive look at the community of Hollister -- defining what we want to achieve as a desired end state. Below are important considerations that have been identified at community workshops and meetings that describe the City of Hollister in the year 2024.

Hollister in the Year 2024

From an overall standpoint, as it relates to housing issues, the City of Hollister in the year 2024 is a balanced, vital and evolving community with a diverse population. The community has preserved its small town feel and heritage, its sense of community, green space, attractive neighborhoods, vital and diverse businesses, and adequate services, so that people can live and work in the community. There is a distinct difference between urban and rural areas and there is lots of green space (open space, trees, and parks). In addition, the infrastructure is improved and services are provided. People can get around easily and safely, and city streets are safe for children. Hollister is a friendly place to live, with lots of interaction, places to gather and good community involvement.

HOUSING GOALS

Goals are a "WHAT", or an end-state -- they are a description of what we want to achieve. But, they do not tell us "HOW" to achieve them. The goals are broad in scope and will provide a way to organize housing strategies (specific policies and implementing programs on "HOW" to achieve the goals). The goals below establish direction for the housing policies and program actions described later in this element.

The intent of the goals is as follows:

Goal H1:

- Enhance the sense of community responsibility to effectively respond to housing needs.
- Identify shared responsibilities from all sectors within our community (government, business, neighborhoods, non-profits, etc.) to effectively address housing needs.
- Promote equal housing opportunities for all persons and assure effective application of Fair Housing law.
- Establish standardized methods (procedures, definitions, responsi-

bilities, etc.) for the effective and efficient management of housing data and to establish a regular monitoring and policy/actions/priorities update process to assess needs achievements on an ongoing basis, and to effectively respond to changing conditions and the changing needs of the population over time.

Goal H2:

- Make sure housing is well-designed and enhances our neighborhoods.
- Protect and enhance existing housing and ensure that existing affordable housing "at risk" of conversion to market rates will remain affordable.

Goal H3:

- Promote closer linkages between creating housing nearby to where people work.
- Maintain a diverse population by providing a variety of choices in the type, size, cost, and location of new housing or more efficient use of existing housing.
- Promote creative and efficient use of vacant land and redevelopment of built land, to provide units at more affordable prices, to support local services, and to help maintain environmental, open space, and agricultural resources.
- Encourage development at maximum densities within an easy walking distance to services and where reduced automobile usage and parking requirements are possible. Maximize the use of these limited land resource sites to reduce overall energy, land, water, and other costs.
- Encourage housing in largely non-residential areas where residential use is appropriate to the setting and where mixed use projects can be encouraged to address jobs and housing needs.
- Encourage well-designed, legal second units in all residential neighborhoods applying reasonable parking standards.

Goal H4:

- Make available sites and incentives for the development of long-term affordable housing.
- Establish residential inclusionary requirements and incentives to require affordable housing as part of market rate projects.

- Be aggressive and creative in finding ways to increase ongoing local funding resources for lower income special needs housing.

Goal H5:

- Provide housing for population groups who require special assistance (special needs include: homeless persons; people with disabilities; the elderly; people with serious illnesses, substance abuse or mental health issues; large families; female-headed households; and farmworkers).
- Provide very low income housing for special needs and to link housing to health and human services programs helping meet the needs of seniors, people with disabilities, homeless and others.

HOUSING OBJECTIVES

State law requires the Housing Element to include quantified objectives for the maximum number of units that can be rehabilitated, conserved, or constructed. Policies and programs establish the strategies to achieve these objectives. The City's quantified objectives are described under each program and summarized in the table below. Assumptions are based on past program performance, infrastructure constraints, construction trends, land availability, and future program funding. The City's housing policies and implementing programs are grouped by the housing goals described in this section. (See Appendix B for a Summary of Housing Element Programs and Objectives).

POPULATION TRENDS

The City of Hollister has been growing at a rapid rate over the last decade. As shown in Table 1, the City's population grew by nearly 80% between 1990 and 2000. San Benito County's population has increased by 45%, the greatest percentage increase of growth among counties in the State. At an average annual rate of growth of 6% per year, the City has experienced a much higher growth rate than both San

Benito County and the State of California as a whole. San Benito County has been growing at a rate of 3.8% per year, while the state growth rate has been 1.3% per year.

Table A1: Population Growth 1990-2000 and Population Projections to 2009

	1990	2000	% Change 1990-2000	Annual Compound Growth Rate	Projected 2009 (Housing Element Planning Period)
Hollister	19,212	34,413	79.1%	6.0%	46,427
San Benito County	36,697	53,234	45.1%	3.8%	71,425
California	29,760,021	33,871,648	13.8%	1.3%	

Source: U.S.Census, 1990, 2000; California Department of Finance; Baird + Driskell/Community Planning

Hollister is increasingly becoming the urbanized center of San Benito County. Hollister's share of the County population has continued to grow, from 52% in 1990 to 65% in 2000.

Projections

According to the U.S. Census, the City of Hollister had a population of 34,413 people in 2000. The California Department of Finance (DOF) estimates that Hollister had a population of 36,600 at the beginning of 2003. Between 2000 and 2020, the DOF projects that San Benito County will add 32,300 people to its population, an increase of approximately 59% of the current population.¹ In 2010, the DOF projects that there will be 72,000 people residing in the County. During the ten-year period between 2000 and 2010, the DOF is expecting an average annual growth rate during of 2.8%, well below the historical growth rate of the past decade. Estimating a countywide population of 71,425 in July 2009, and assuming that Hollister will continue to capture 65% of the County's population, it is projected that Hollister will have a population of 46,427 by the end of the current Housing Element planning period.

EMPLOYMENT TRENDS

Employment trends show a significant shift from agriculture and manufacturing jobs to service occupations during the 1990's. According to 1990 and 2000 Census data, the number of people employed in agriculture fell by 5.7% (10.2% in 1990 to 4.5% in 2000) during the ten-year period. The number of workers employed in manufacturing decreased by 4.9% (20.7% in 1990 to 15.8% in 2000). Conversely, the number of residents employed in the service sector rose by 9.2%, from 26.1% in 1990 to 35.3% in 2000.

During the same time period, as shown in Table 2 below, a dramatic shift occurred in commuting patterns. In 1990, 70% of Hollister residents worked in San Benito County. By 2000, just 51% of Hollister residents worked in San Benito County; nearly half of all residents are now commuting outside of the County for employment. Many of these residents work in Santa Clara County to the north, where high housing costs have compelled employees to look elsewhere for housing.

Table A2: County of Employment of Hollister Residents, 1990 and 2000

County of Employment	1990		2000	
	Number	Percent of Total	Number	Percent of Total
In San Benito County	5,797	70%	7,565	51%
Outside San Benito County	2,530	30%	7,143	49%
Total	8,327	100%	14,708	100%

Source: U.S. Census, 1990, 2000; Baird+Driskell/Community Planning

HOUSEHOLD CHARACTERISTICS

Households

According to the 2000 Census, there were 9,716 households in Hollister, an increase of 65% over the 1990 Census. The average household size in Hollister was 3.52 persons in 2000, continuing a trend of increasing household size in the City. In 1990, the average household size was 3.22 persons, up from 3.07 persons in 1980. The average household size in Hollister in 2000 is larger than that of San Benito County as a whole (3.32 persons), even though the county ranks second in average family size among all California counties. The state average household size is 2.87 persons. As shown in Table 3, households with three or more persons have increased over the last decade in Hollister, while those with one or two persons have decreased.

Table A3: Household Size

Household Size	2000		1990	
	Number	Percent	Number	Percent
1	1,235	13%	989	17%
2	2,222	23%	1,505	26%
3	1,728	18%	996	17%
4	2,008	21%	1,121	19%
5	1,268	13%	714	12%
6 or more	1,255	13%	559	10%
Total	9,716	100%	5,884	100%

Average Household Size: 3.52 persons 3.22 persons

Source: U.S. Census, 1990, 2000

If Hollister continues to maintain its average household size of 3.52 persons then the projected number of households in Hollister in 2009 would be 13,189. This would represent an increase of 3,473 house-

holds, or an increase of 36% over the current number of households in the City. This projection is consistent with the Regional Housing Need allocation of 3,154 units for Hollister for the 2001-2009 planning period.

Household Types

The Bureau of the Census defines a household as all persons who occupy a housing unit, including families, single people, or unrelated persons. Of the 9,716 households in Hollister in 2000, 83% were families (8,045 households), 13 percent were single person households (1,235 households), and 4% were comprised of unrelated people (436 households). About 37% (456 people) of the single person households were comprised of individuals age 65 or over. Household types

Figure A1: Households by Type

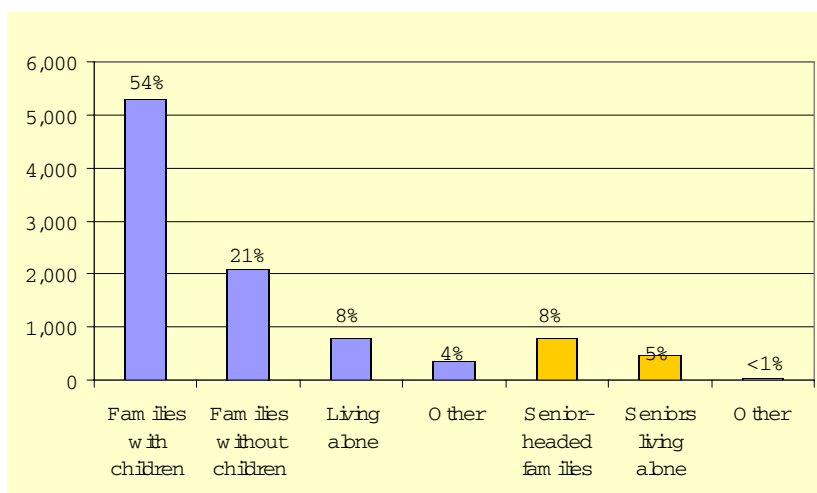


Table A4: Households by Type

	Families	Percent	Single Person	Percent	Unrelated	Percent	Total
Hollister	8,045	83%	1,235	13%	436	4%	9,716
San Benito County	12,893	81%	2,245	14%	747	5%	15,885
California	7,920,049	69%	2,708,308	23%	874,513	8%	11,502,870

Source: U.S. Census, 2000

are similar to those generally found in San Benito County. Compared to state averages, Hollister has a greater percentage of family households (83% compared to 69% statewide) and a smaller percentage of single-person households (13% compared to 23% statewide).

Household composition can also be indicative of the lack of affordability of the available housing stock. For example, the predominance of family households in Hollister, coupled with the large family size, has implications for the type of housing units needed in the City. But, at the same time, the City needs to plan for a diversity of household needs, including the development of a sufficient number of smaller units for single-person and two-person households, including units that meet the needs of seniors.

HOUSING TYPES

As of 2000, there were 9,954 total residential units in Hollister, a 60% increase over the previous Census count in 1990. The majority of resi-

Table A5: Housing Units by Type

Type of Structure	Number	Percent of Total	Subtotal	Percent of Total
Single Family				
1 unit, detached	7,390	74.2%		
1 unit, attached	532	5.3%		
Subtotal			7,922	79.6%
Multi-Family				
2 units	260	2.6%		
3-4 units	722	7.3%		
5+ units	743	7.5%		
Subtotal			1,725	17.3%
Mobile Home	307	3.1%		
Subtotal			307	3.1%
Total	9,954	100.0%	9,954	100.0%

Source: U.S. Census, 2000

dential units in Hollister are detached single family homes, comprising about 74%, or 7,390 units, of the total housing stock. The percentage of single family homes is similar to that found in San Benito County, where 77% of the housing stock is comprised of single-family detached units. Table 5 shows the breakdown of housing by type.

Vacancy Rate Trends

The vacancy rate is the percentage of the total housing stock that is vacant and-or available for sale or rent at any one time. Typically, a vacancy rate above 5% is considered acceptable to permit ordinary rental mobility. An overall vacancy rate between 5 and 6 percent is considered an indicator of a "healthy" local housing market.

The 2000 U.S. Census reported a vacancy rate of 2.1% for the City of Hollister, which indicates a tight housing market. In other words, the housing supply available is inadequate to meet the demand. The vacancy rate has decreased substantially since 1990, when the Census indicated a vacancy rate of 5.2% in Hollister. Hollister's vacancy rate is also lower than the countywide rate of 3.7%. This has implications for the choices people have in the housing market and can result in greater multi-generational and overcrowded households, as discussed below.

Housing Tenure

Tenure refers to whether a housing unit is rented or owned. According to Census data, there were 9,716 occupied housing units in Hollister in 2000. Of these units, 6,506 (67%) were owner-occupied and 3,210 were renter-occupied (33%). This is a dramatic increase in the homeownership rate since 1990, when just 55% of housing units were owner-occupied. The increase may reflect the fact that a higher proportion of single family homes were built during this time period in comparison to multi-family units. The homeownership rate in Hollister is similar to that found in San Benito County (68%) and higher than the statewide rate (57%).

Overcrowding

The U.S. Census defines overcrowded housing as units with more than one inhabitant per room, excluding kitchens and bathrooms. According to 2000 census data and as shown in Table 6, there are 1,690 overcrowded units in Hollister, which represents 17.3% of all occupied housing units. Of these, 329 units are severely overcrowded with 2 or more person per room. The incidence of overcrowding has increased since 1990 when 15.1% of housing units were reported as overcrowded. The overcrowding rate is slightly higher than that observed in San Benito County and across California (15% in both cases).

Overcrowding is a larger problem among renter-occupied units. There are 887 rental units that are overcrowded, representing 27.1% of all renter-occupied units. Of the owner-occupied units, 12.4% (803 units) were reported as overcrowded.

Overcrowding is not necessarily addressed by building larger units. While large families may suffer from overcrowding, single individuals and small families may be also affected by overcrowding when they double-up with other households in order to share housing expenses. Thus, housing policies that expand the supply of all types of affordable housing, in addition to affordable large units with more rooms, will help to alleviate overcrowding.

Table A6: Overcrowded Housing Units

Jurisdiction	Number of Overcrowded Households	Percent of Total Households	Owners	Percent of Overcrowded Households	Renters	Percent of Overcrowded Households
Hollister	1,690	17%	803	48%	887	52%
San Benito County	2,351	15%	1,063	45%	1,288	55%
California	1,748,352	15%	562,016	32%	1,186,336	68%

Source: U.S. Census, 2000

Age of Occupied Housing Units

The age of housing can be an indicator of the condition of the housing stock as a whole as older units tend to be in greater need of repair. Many building materials and systems, including roofs, decks and fences, exterior siding, major mechanical components, paving, and landscaping, have a life cycle of between 20 and 30 years. Housing units that are over 30 years old may require renovation in order to provide safe and sanitary conditions due to deferred maintenance. The cost of renovation can affect housing affordability over time, especially among seniors who may have little or no mortgage obligations but face substantial repair expenses.

As shown in Table 7, the majority of Hollister's housing units were built over the past 30 years. Approximately 23% of Hollister's housing stock was built since 1990, and 74% was constructed since 1970. However, the table also indicates an overall aging of the housing stock, with one-quarter of all units built before 1970.

Table A7: Age of Housing Units

	Number	Percent of Total
Built 1999 to March 2000	568	5.7%
Built 1995 to 1998	1,754	17.6%
Built 1990 to 1994	1,417	14.2%
Built 1980 to 1989	2,001	20.1%
Built 1970 to 1979	1,566	15.7%
Built 1960 to 1969	925	9.3%
Built 1950 to 1959	587	5.9%
Built 1940 to 1949	392	3.9%
Built 1939 or earlier	744	7.5%
Total	9,954	100.0%

Source: U.S. Census, 2000

Condition of Units

In general, the condition of the housing stock in Hollister is good. Still, there are areas where housing condition is an issue, especially in

the Redevelopment Project Area where a majority of the City's older housing units exist.

The City's Redevelopment Agency recently conducted a survey of 4,200 residential parcels within the Redevelopment Area. The report found that there were 846 units (20% of the units surveyed) with structural defects or in need of major improvements and approximately 26 units that were in need of replacement.

HOUSING COSTS, HOUSEHOLD INCOME, AND THE ABILITY TO PAY FOR HOUSING

Sales Prices and Rents

According to data provided by the San Benito Association of Realtors, the median price of a single family home in Hollister was \$383,000 in 2003. The average price of a single family home during the same period was \$408,048. Sales ranged from \$195,000 to \$950,000. As indicated in Table 8, resale activity and prices have varied month to month but have generally increased over the past year.

There have been far fewer sales of condominiums and townhouses in Hollister than of single family homes. As shown in Table 9, 38 condominiums and townhouses were sold in Hollister during 2003, compared to 641 single family homes in the same period. The median price of a condominium in Hollister was \$250,000 in 2003. The average price in 2003 was \$249,066.

Table A8: Recent Hollister Single Family Sales and Activity

Month	Number of Sales	Average Price	Median Price
January	35	400,196	365,000
February	52	391,150	353,500
March	60	382,228	359,500
April	53	395,879	375,000
May	46	388,000	369,000
June	62	406,465	385,950
July	56	403,570	379,450
August	62	402,249	384,950
September	55	416,971	389,000
October	66	433,043	394,500
November	44	428,464	414,000
December	50	446,835	421,500
Total for 2003	641	408,048	383,000

Source: Ray Pierce, Coldwell Banker, Hollister; and
Baird+Driskell/Community Planning

Table A9: Hollister Condominium and Townhouse Sales

Month	Number of Sales	Average Price	Median Price
January	2	254,500	254,500
February	1	246,000	246,000
March	1	240,000	240,000
April	3	231,000	250,000
May	4	251,975	246,450
June	5	233,380	245,900
July	4	253,375	245,750
August	2	245,700	245,700
September	5	253,680	254,900
October	5	254,000	260,000
November	1	264,000	264,000
December	5	258,880	278,000
Total for 2003	38	249,066	250,000

Source: Ray Pierce, Coldwell Banker, Hollister; and
Baird+Driskell/Community Planning

Rental Rates

Based on Census data, the predominant rental unit type in Hollister is a 2-bedroom unit. In 2000, a unit of this size rented for a median rate of \$750 per month. One-quarter of the rental housing stock is comprised of 1-bedroom units; the median rent of these units is in the \$500 to \$749 range. Three-bedroom units constitute 30% of the rental units, and the median rent for this size unit exceeded \$1,000 per month in 2000. The distribution of rents according to unit size is detailed in Table 10.

Table A10: Gross Rent of Renter-Occupied Units

Monthly Gross Rent	Studio	1-Bedroom Unit	2-Bedroom Unit	3 or More Bedroom Unit
Less than \$200	7	72	8	20
\$200 to \$299	14	61	9	22
\$300 to \$499	42	106	51	28
\$500 to \$749	63	291	551	149
\$750 to \$999	46	187	520	241
\$1,000 or more	24	87	100	514
Total	196	804	1,239	974
Percent of Total	6%	25%	39%	30%

Source: U.S. Census 2000; Baird + Driskell/Community Planning

The Housing Authority of the County of Santa Cruz establishes fair market rents for the County of San Benito. Instead of median rents (the point at which 50% of the units are rented for more and 50% are rented for less) the "fair market rent" is established at the 40th percentile of existing rents in the area, or the rent below which 40% of the units are rented. As of October 1, 2002, the "fair market rent" in San Benito County were as follows: Studio, \$571; 1-bedroom unit, \$672; 2-bedroom unit, \$841; 3-bedroom unit, \$1,172; 4-bedroom unit, \$1,371.

A six-month survey of apartments and single family homes listed in The Pinnacle newspaper from January through June 2003 indicated a median rent for one-bedroom units of \$750 per month. As detailed in Table 11, two-bedroom units were renting for \$1000 per month, and three-bedroom units were renting for a median price of \$1,500 per month. The median rent for a room in a single family home was \$488.

Table A11: Hollister Rent Survey, 2003

Housing Type	Number of Listings	Range of Rents	Median Rent
Room	39	\$400 - 650	\$488
1-Bedroom Unit			
Apt./Condo	6	\$610 - 800	\$713
Single Family	4	\$700 - 1,000	\$913
Mobile Home	1	\$600	\$600
Total	11		\$750
2-Bedroom Unit			
Apt./Condo	13	\$875 - 1,500	\$1,000
Single Family	10	\$800 - 1,400	\$1,125
Total	23		\$1,000
3-Bedroom Unit			
Apt./Condo	4	\$1,050 - 1,500	\$1,375
Single Family	39	\$1,150 - 2,100	\$1,500
Total	43		\$1,500
4-Bedroom Unit			
Apt./Condo	2	\$1,550 - 1,800.	\$1,675
Single Family	13	\$1650 - 2,100	\$1,800
Total	15		\$1,800

Source: The Pinnacle, January to June 2003; Baird+Driskell/Community Plann

Household Income

Income is defined as wages, salaries, pensions, social security benefits, and other forms of cash received by a household. Non-cash items, such as Medicare and other medical insurance benefits, are not included as income. The U.S. Census reported the median income of Hollister's households as \$56,104 (1999 dollars).

Household income in the City of Hollister is distributed as shown in Table 12 below. Figure 1, on page 5 of the Housing Element, shows household incomes for each category based on household size.

Table A12: Estimated Household Income Distribution

	Number of Households	Percent of Total
Very Low Income	2,431	25%
Low Income	1,854	19%
Moderate Income	2,259	23%
Above Moderate Income	3,248	33%
Total	9,792	100%

The Ability to Pay for Housing

It is generally expected that people can afford to pay about a third of their income on housing. Housing cost includes principal, interest, property taxes and insurance. It is therefore critical to understand the relationship between household income and housing costs to determine how affordable-or unaffordable-housing really is in a given area.

Housing that costs 30% or less of a household's income is referred to as "affordable housing." Because household incomes and sizes vary, the price that is considered "affordable" for each household also varies. For example, a large family with one small income might afford a different type of housing than a double-income household with no children.

Tables 13 and 14 indicate the rents and home prices that households at various income levels could be expected to pay if they were to spend 30 percent of their income on housing. The exact amount that they could pay would, of course, depend on the amount of downpayment they could afford and the specific terms of their mortgage. The information shown in the tables below are rough calculations, meant to demonstrate the "gap" between market prices and affordability at various incomes.

Table 13 shows that in most instances only above-moderate income

households can afford to purchase a home in Hollister. The median-priced condominium of \$250,000 is only affordable to above-moderate income single and moderate income two-person households. Similarly, only above-moderate four-person households can afford the median-priced single-family home of \$383,000. Moderate income four-person households can generally afford to purchase a home in the range of \$214,800 and \$322,000. Only 10% of the single family homes sold in Hollister in 2003 were in this range.

Rental units are generally affordable to low and moderate-income households in Hollister, as demonstrated in Table 14. However, very low-income households will have difficulty affording the median rent for an appropriately sized unit in Hollister.

Table A13: Estimate of the Ability to Pay for Sales Housing in Hollister (2003)

Household Size and Income Category	Monthly Income	Annual Income	"Rule of Thumb" Home Price at Four Times Annual Income	Median Priced Ownership Unit*	Gap Between "Rule of Thumb" Price and Median SFD Unit
Single Person					
Very Low Income	\$1,958	\$23,500	\$94,000	\$255,000	-\$161,000
Low Income	\$3,133	\$37,600	\$150,400	\$255,000	-\$104,600
Moderate Income	\$4,696	\$56,350	\$225,400	\$255,000	-\$29,600
Two Persons					
Very Low Income	\$2,238	\$26,850	\$107,400	\$255,000	-\$147,600
Low Income	\$3,579	\$42,950	\$171,800	\$255,000	-\$83,200
Moderate Income	\$5,367	\$64,400	\$257,600	\$255,000	\$2,600
Four Persons					
Very Low Income	\$2,796	\$33,550	\$134,200	\$401,975	-\$267,775
Low Income	\$4,475	\$53,700	\$214,800	\$401,975	-\$187,175
Moderate Income	\$6,708	\$80,500	\$322,000	\$401,975	-\$79,975

*Condominium ownership is assumed for single and two-person households; single family ownership is assumed for four-person household

Source: Baird + Driskell / Community Planning; San Benito County Association of Realtors

Table A14: Estimate of the Ability to Pay for Rental Housing in Hollister (2003)

Household Size and Income Category	Monthly Income	Rent @ 30% of Monthly Income	Expected Unit Size	Median Rent	Ability to Pay "Gap" for Rental Unit
Single Person					
Very Low Income	\$1,958	\$587	1 BR	\$750	-\$163
Low Income	\$3,133	\$940	1 BR	\$750	\$190
Moderate Income	\$4,696	\$1,409	1 BR	\$750	\$659
Two Persons					
Very Low Income	\$2,238	\$671	1 BR	\$750	-\$79
Low Income	\$3,579	\$1,074	1 BR	\$750	\$324
Moderate Income	\$5,367	\$1,610	1 BR	\$750	\$860
Four Persons					
Very Low Income	\$2,796	\$839	2 BR	\$1,000	-\$161
Low Income	\$4,475	\$1,343	2 BR	\$1,000	\$343
Moderate Income	\$6,708	\$2,012	2 BR	\$1,000	\$1,012

Source: Baird + Driskell / Community Planning; The Pinnacle, January to June 2003

Very-low income single individuals do have the option of renting a room in a single-family home provided that an adequate number of room rentals are available to rent. The median rent for a room is \$488 and would be affordable to very-low income one-person households.

Overpaying Households

According to the 2000 U.S. Census, 38% of Hollister households spend 30% or more of their household income on housing. Of renter households, 41% were reported as overpaying for housing. Thirty-six percent all owner households overpay for housing. The incidence of overpayment is substantially higher for very-low income households. As shown in Table 15, 69% of very-low income households overpay for housing, while 43% of low-income households and 38% of moderate income households reported overpaying for housing.

Table A15: Estimated Households Overpaying for Housing by Income Categories

Very-Low Income			
	Number of Households	Number Overpaying	Percent of Households
Renters	1,462	1,027	70%
Owners	862	576	67%
Total	2,323	1,603	69%

Low-Income			
	Households	Overpaying	Households
Renters	822	258	31%
Owners	890	484	54%
Total	1,713	742	43%

Moderate Income			
	Number of Households	Number Overpaying	Percent of Households
Renters	546	46	8%
Owners	1,554	758	49%
Total	2,099	804	38%

Source: U.S. Census 2000; Baird+Driskell/Community Planning

SPECIAL HOUSING NEEDS

In addition to overall housing needs, Hollister must plan for housing to meet the special need of the local workforce, seniors, people living with disabilities, farmworkers, the homeless, people with HIV/AIDS and other illnesses, people in need of mental health care, single parent families, single persons with no children, and large households. The discussion that follows in this section of the Housing Element analyzes special housing needs. Table 16 provides a summary breakdown of special needs households in Hollister based on data from the year 2000.

Seniors

As shown in Table 17, there are 1,273 households in Hollister headed by a person age 65 or older, representing 13% of total households. This is down from 19% in 1990 and 20% in 1980. The percentage of senior headed households is significantly lower than that found in San Benito County (16%) and generally found in California (19%), suggesting that Hollister is not adequately meeting the needs of its senior population.

Table A16: Summary of Special Needs Households in Hollister

	Owner Households	Renter Households	Total Households or Persons
Households			
Senior Headed Households	959	314	1,273
Large Households	1,643	880	2,523
Overcrowded Households	803	887	1,690
Female Headed Households	1,059	974	2,033
Persons			
Persons Living with Disabilities			5,309
Farmworkers			1,029
Homeless			80

Source: U.S. Census, 2000; California State Employment Development Department, 2000; Community Services Development Corporation, 2003

Table A17: Summary of Special Needs Households in Hollister

Jurisdiction	Number of Senior Households	Percent of Total Households	Senior Owners	Percent of Senior Households	Senior Renters	Percent of Senior Households
Hollister	1,273	13%	959	75%	314	25%
San Benito County	2,536	16%	2,022	80%	514	20%
California	2,162,487	19%	1,623,002	75%	539,485	25%

Source: U.S. Census, 2000

Many seniors have special housing needs, such as the need for smaller and more efficient housing, for barrier free and accessible housing, and for housing with health care and/or personal services. Typical housing to meet the needs of seniors includes smaller attached or detached housing for independent living (both market rate and below market rate), second units, shared housing, age-restricted subsidized rental developments, congregate care facilities, licensed facilities, and skilled nursing homes.

Existing services and housing projects targeted to the elderly in the City of Hollister include the following:

- Prospect Villa Prospect Villa II, Prospect Villa III
- Housing Rehabilitation Program

Large Families

Large households, defined as households with five or more persons, tend to have difficulties purchasing housing because large housing units are less affordable and rental units with three or more bedrooms are typically more difficult to locate. Large families with limited incomes may be forced to live in overcrowded units with insufficient rooms due to the prohibitive costs of larger units.

The 2000 Census data (see Table 18) show that 26% of San Benito's households, or 2,523 households, were "large families," i.e., households with five or more people. This is up from 22 percent in 1990 and 20 percent in 1980. Hollister has a greater percentage of large households than San Benito County (23%), and a substantially greater percentage of large households than that observed statewide (16%). The Census data show that 65% of larger households in Hollister live in owner-occupied units and 35% in renter-occupied units.

Table A18: Large Households, 2000

Jurisdiction	Number of Large Households	Percent of Total Households	Owners	Percent of Large Households	Renters	Percent of Large Households
Hollister	2,523	26%	1,643	65%	880	35%
San Benito County	3,598	23%	2,284	63%	1,314	37%
California	1,836,337	16%	1,031,558	56%	804,779	44%

Source: U.S. Census, 2000

From a supply standpoint, separate from affordability, there is a sufficient supply of large housing units in Hollister. As shown in Table 19, 30% of Hollister's rental units have three or more bedrooms, which is a relatively high proportion of large rental units.

Table A19: Large Housing Units with 3 or More Bedrooms, 2000

Jurisdiction	Number of Large Units	Percent of Total Units	Large Ownership Units	Percent of Owner Units	Large Rental Units	Percent of Rental Units
Hollister	6,182	63%	5,190	80%	992	30%
San Benito County	10,291	65%	8,539	79%	1,752	35%
California	5,450,325	47%	4,534,549	39%	915,776	18%

Source: U.S. Census, 2000

The higher incidence of large households appears to be accommodated in Hollister with a greater percentage of large housing units with three or more bedrooms. Table 20 shows that 80% of the ownership units and 30% of the rental units in Hollister have three or more bedrooms. This is a significantly higher percentage of large units than that found across the state. Statewide just 39% of ownership units and 18% of rental units have three or more bedrooms.

For above-moderate income households, Hollister's housing stock offers a choice of housing to large families. However, there are likely

many large households who cannot afford to rent or buy as much housing as they need.

Female-Headed Households

Female-headed households may need affordable housing with day care and recreation programs on site or nearby, in proximity to schools and access to services. These households, like many large households, may have difficulty in finding appropriately sized housing. Despite fair housing laws, discrimination against children may make it more difficult for this group to find adequate housing. Women in the housing market, including but not limited to, the elderly, low and moderate income earners and single parents, face significant difficulties finding housing. Both ownership and rental units are extremely expensive relative to the incomes of many people in this demographic.

According to the 2000 U.S. Census there are 2,033 households headed by females in Hollister, which accounts for 21% of all households in the City (see Table 20). Of these households, 1,059 (52%) are owner-occupied and 974 (48%) are renter-occupied. Ownership rates are lower than those generally found in Hollister (67%) but higher than the ownership rate of male-headed households of (45%).

Table A20: Female-headed Households

Jurisdiction	Number of Female- headed Households	Percent of Total Households	Owners	Percent of Female- headed Households	Renters	Percent of Female- headed Households
Hollister	2,033	21%	1,059	52%	974	48%
San Benito County	3,148	20%	1,760	56%	1,388	44%
California	3,313,163	29%	1,502,118	45%	1,811,045	55%

Source: U.S. Census, 2000

Approximately 21% of female-headed households are below the poverty level. This is a marked improvement over 1990, when 70% of female-headed households lived below the poverty line.

Farmworkers

Agriculture is one of San Benito County's main industries. According to the California Department of Finance, there were 562 farms in San Benito County in 1997, comprising 511,571 acres, or 57.5% of the County's land area. Major crops include salad greens, lettuce, bell peppers, onions, and other vegetables and fruits. Other major agricultural commodities include nursery products, livestock and livestock products, and grapes for wine production. According to a 2002 survey published by the California State Department of Employment Development Department (EDD), food crop farmworkers' wages range from \$6.75 to \$10.00 per hour, with median wages of \$7.00 and \$8.13 per hour according to level of experience. Agricultural labor does not necessarily constitute full-time employment; workers are paid only when they are cultivating or harvesting crops. Peak season for farm labor is from June through October. Some farmworkers leave the area when work is not available; others live in San Benito County throughout the year and work only on a seasonal basis or supplement their incomes with other part-time work.

Farmworkers are considered a special needs group because the income earned is generally low, job skills are limited, the periods of labor are often seasonal, and the need for housing varies from transitory to permanent. Farmworkers may be full-time, seasonal, or migrant workers. In most instances, full-time farmworkers constitute very-low income households, and their housing needs are typically for affordable rental units near their place of employment.

Adequate unit size is also an important consideration. Seasonal farmworkers may also reside in Hollister or San Benito County, but, since they must find part-time work in the off-season and employment may

be sporadic, their incomes may be lower than full-time farmworkers. Seasonal workers may have even more difficulty finding affordable housing. Migrant farmworkers arrive during the cultivating or harvesting of crops and leave when work is not available. Generally, migrant workers will seek housing in labor camps or rental units, or will resort to vehicles or housing encampments in the rural areas of the County. Migrant workers may live in overcrowded conditions or substandard facilities if there is not a sufficient supply of safe and adequate housing for migrant laborers. A portion of the farmworkers may be undocumented foreign workers. This group is difficult to determine since migrant workers fearing deportation are not likely to come forward and identify themselves.

Number of Farmworkers

The U.S. Census reported 1,119 individuals age 16 and over employed in farming occupations in San Benito County. Of these, approximately 50%, or 561 persons, resided in Hollister. This statistic represents a decrease from 1990, when 626 persons were employed in farming. In 2000, farmworkers represented 3.7% of the employed population, down from 7.4% in 1990.

However, the level of farmworker employment is not steady throughout the year, and the exact number of permanent, seasonal and migrant workers is difficult to determine. The peak employment period for seasonal and migrant laborers is from June to October. During 2000, the California State Employment Development Department (EDD) estimates farm employment in San Benito County averaged 2,058 workers per month. This level rose from an estimated January low of 1,170 to a July high of 3,360. Assuming Hollister's share of the farmworker population, as indicated in the U.S. Census, is 50%, the City's estimated total farmworker population averages 1,029 per month and ranges from 585 to 1,680 in peak season.

Profile of the Farmworker

A 2000 survey of farmworkers working in the Salinas and Pajaro Valleys of neighboring Santa Cruz and Monterey Counties revealed some interesting facts about farmworker characteristics and housing needs (<http://www.appliedsurveyresearch.org/products/FarmworkerPresentation.ppt>). While the study did not include farmworkers from San Benito County, the general findings and conclusions are relevant. The surveys were conducted from October through November of 2000, and thus, are likely to underrepresent migrant and seasonal workers. Of the 780 farmworkers interviewed, the survey found that:

- 60% were male and 40% were female
- 97% were Spanish-speaking
- 74% had less than a 7th grade education
- 93% considered California a permanent place of residence
- 67% were married with children

The median income of farmworkers in Santa Cruz County in 2000 was \$14,00 per year and in Monterey County it was \$11,000 per year, well below the federal poverty level of \$17,050. Average household size was found to be 5.3 persons per unit; this compares to an average household size of 3.52 in Hollister. Approximately 41% of farmworkers lived in multi-family housing, 32% lived in single family residences, 10% lived in mobile homes or trailers, and the remaining number lived in rooms or garages. In terms of affordability, 57% of farmworkers pay more than 30% of their income on housing, and 35% pay more than half of their income on housing.

Farmworker Housing

A labor camp is defined as a facility with five or more agricultural employees. The type of labor camp can vary from a house to a facility with multiple units. The Community Services Development Corporation is currently remodeling a labor camp located on Southside Road, just outside the city limits, that will provide housing for 286 unaccom-

panied adult migrant workers. The project is expected to be completed and operational by summer of 2004. The San Benito County Migrant Housing Center also operates a labor camp for married farmworkers families in 15 two-and three-bedroom cabins.

People Living with Physical or Mental Disabilities

People living with disabilities represent a wide range of different housing needs, depending on the type and severity of their disability as well as personal preference and life-style. The design of housing, accessibility modifications, proximity to services and transit, and group living opportunities represent some of the types of considerations and accommodations that are important in serving this need group. Incorporating barrier-free design in all new multifamily housing is especially important to provide the widest range of choice. Doing so is also required by the California and Federal Fair Housing laws. Special consideration should also be given to the issue of income and affordability, as many people with disabilities may be in fixed income situations.

The 2000 U.S. Census reported 5,309 individuals with a disability in Hollister, representing 15.4% of the City's population. Of these, 1,590 people, or 4.6%, have a physical disability. There are 3,743 individuals, age 21-64, with any type of disability, accounting for 19.6% of the age group. Of these people, approximately 42% are not employed. In addition, there are 830 disabled seniors in Hollister, comprising 40% of people over age 65.

Chapter 671, Statutes of 2001 (Senate Bill 520) requires localities to analyze potential and actual constraints upon the development, maintenance and improvement of housing for persons with disabilities and to demonstrate local efforts to remove governmental constraints that hinder the locality from meeting the need for housing for persons with disabilities. In addition, as part of the required constraints program, the element must include programs that remove constraints or provide

reasonable accommodations for housing designed for persons with disabilities.

The City of Hollister has reviewed all of its zoning laws, policies and practices for compliance with fair housing laws and has found them to be in compliance with the Americans With Disabilities Act (ADA).

While the City has not developed formal housing policies or programs for the disabled population, Hollister does provide reasonable accommodation for persons with disabilities with respect to zoning, permit processing, and building laws.

Most publicly owned facilities in the City, including City Hall, the Veterans Administration Building, the Park and Recreation Administrative Offices, the Building and Engineering Division Offices, Dunne Park Community Building, the West Street Community Center and the Briggs Facility have been retrofitted so that they are fully accessible to disabled residents. In addition, the City is in the process of systematically retrofitting pedestrian walkways with handicap ramps. Where accessibility may impede a disabled person's ability to participate in a public meeting, the City provides reasonable accommodation with 48-hour notice.

The Community Development Department of Hollister provides personalized service to each resident. Requests to modify homes to meet the needs of the disabled are handled on a case-by-case basis, with staff working closely with applicants to accommodate their needs. The Community Development Department reviews applications for wheelchair ramps, lifts, and elevators at the staff level, and the City has demonstrated its willingness to relax development standards, including lot coverage and setback requirements, in order to accommodate the construction of these projects. While Hollister does not have separate parking standards for projects accommodating the needs of disabled persons other than those mandated by the ADA, the City Council does have the authority to modify parking standards to accommodate the needs of the disabled. The City has the flexibility to allow for the

reduced on-site parking in order to accommodate ADA accessibility facilities (ramps, etc.) on a case-by-case basis. The City also has the ability to offer reduced parking standards for a housing development for the disabled, where warranted.

The City of Hollister rigorously applies State law requirements for accessibility and adaptability standards for the handicapped. The City has adopted the Uniform Building Code and various zoning provisions, which are consistent with and support ADA requirements. There are no restrictions preventing the installation of lowered countertops, widened doorways, adjustable showerheads, or other adaptations that meet the needs of the disabled. The Building Department administers Title 24 provisions consistently for all disabilities-related construction and all new apartment, town home and condominium units consisting of five or more dwellings must meet Title 24 standards. The Building Division provides information on accessibility and adaptability standards and enforces these requirements through the building permitting process.

Group homes with under seven occupants are permitted by right in all residential zoning districts. The City does not restrict the siting of group homes nor require a minimum distance between group homes, and the City does not have any occupancy standards in the zoning code that apply specifically to unrelated adults. If a group home contains more than six clients or is located in a non-residential zone, Planning Commission approval of a Use Permit is required.

Hollister has consistently demonstrated its ability and willingness to comply with the ADA and to provide reasonable accommodation for the disabled, and the City will be considering formally adopting a policy that ensures reasonable accommodation and equal access to housing for people with disabilities in the City's zoning, permit processing and building codes. In implementation of this policy, the City could also consider formally adopting exceptions to lot coverage and setback requirements for the exterior construction of wheelchair ramps.

Individuals and Families Who Are Homeless

Individuals and families who are homeless have perhaps the most immediate housing need of any group. They also have one of the most difficult sets of housing needs to meet, due to both the diversity and complexity of the factors that lead to homelessness, and to community opposition to the siting of housing that serves homeless clients.

The Community Services Development Corporation, a non-profit organization dedicated to providing affordable housing, reports that homelessness in San Benito County is a hidden problem. It is unusual to see homeless individuals on the streets. Instead, homeless people may live in encampments in isolated areas or in vehicles. Many live in substandard and unhealthy conditions (e.g., overcrowded, blighted housing such as garages and shacks) or move from home to home of friends or relatives.

The San Benito County Community Services and Workforce Development offers two types of homeless shelter programs. The first is a transitional homeless shelter that provides emergency shelter for six months for homeless families and helps them to secure permanent housing. The shelter maintains 16 mobile homes with two and three bedroom units that can accommodate families with two to seven members. The program provides services for parents to seek and maintain employment or to gain the skills necessary for obtaining employment. Assistance is provided in locating and securing permanent housing. There is a waiting list of 209 families to enter the shelter.

The second homeless shelter program offered by the San Benito County Community Services and Workforce Development provides temporary, emergency shelter during the winter months (December through March) for homeless families. The County uses 15 vacant cabins at the Migrant Housing Center that provide two and three bedroom units for families.

REGIONAL HOUSING NEEDS DETERMINATIONS

One unique aspect of State Housing Element law is the idea of "regional fair share." Every city and county in the State of California has a legal obligation to respond to its fair share of the projected future housing needs in the region in which it is located. While State law prescribes specific requirements for housing elements, the focus of the City of Hollister's new Housing Element will go beyond merely meeting these standards. It represents an opportunity to examine in detail critical housing needs and challenges in the community. Because the Housing Element is being updated as part of a comprehensive update of the City's entire General Plan, it will provide strategies integrated with related issues such as land use, design, traffic capacity, economic development, adequate infrastructure, and others.

The California Government Code (Section 65584) requires each Council of Governments (COG) to periodically distribute the state identified housing need for its region. Although state law includes the availability of suitable sites and public facilities among the criteria for apportioning a region's housing needs, the application of these criteria should not be used as a pretext for reducing a jurisdiction's share based on past land use or planning practices which have limited the availability of sites or public facilities for new development. The methodology must recognize legitimate environmental or other barriers that could constrain a jurisdiction from meeting its housing needs.

The number of dwelling units allocated to each COG member should be considered as minimum growth needs. Nothing in the RHNP restricts or prohibits COG members from planning for a higher number of dwelling units than its regional allocation.

Under State law housing need is divided into the four income categories of housing affordability. The U.S. Department of Housing and Urban Development (HUD) has established household income cate-

gories based on a proportion of the area's median family income as described below:

- Very-Low Income: Below 50% of the area's median household income.
- Low Income: 50-80% of the median.
- Moderate Income: 80-120% of the median.
- Above Moderate Income: Above 120% of the median.

HUD establishes income limits by area or county, rather than by individual city. Hollister's income limits are based upon the median household income of San Benito County. Since 65% of the county's population resides in Hollister, the established income limits can reasonably be expected to reflect the true income categories of Hollister households. Income limits for all income categories are adjusted for household size, so that larger households have higher income limits than smaller households. Income limits are updated annually and can be accessed online at California Department of Housing and Community Development's website at www.hcd.ca.gov. Table 21 describes the income limits by category and household size for Hollister and all jurisdictions in San Benito County.

Table A21: San Benito County 2003 Household Income Schedule

Family Size	Extremely Low 35%	Very Low 50%	Low 80%	Median 100%	Moderate 120%
1	\$14,100	\$23,500	\$37,600	\$46,950	\$56,350
2	\$16,100	\$26,850	\$42,950	\$53,700	\$64,400
3	\$18,100	\$30,200	\$48,300	\$60,400	\$72,450
4	\$20,150	\$33,550	\$53,700	\$67,100	\$80,500
5	\$21,750	\$36,250	\$57,950	\$72,450	\$86,950
6	\$23,350	\$38,900	\$62,250	\$77,850	\$93,400
7	\$24,950	\$41,600	\$66,550	\$83,200	\$99,800
8	\$26,550	\$44,300	\$70,850	\$88,550	\$106,250

Source: California Department of Housing and Community Development, effective April 9, 2003

Council of San Benito County Governments RHNP

The Council of San Benito County Governments (COG), comprising the cities of Hollister, San Juan Bautista, and the County of San Benito, set forth a Regional Housing Needs Plan (RHNP) for the 2001-2008 planning period (since extended to 2009). The plan is based on countywide housing projections developed by the California Department of Housing and Community Development (HCD). The portion of the statewide housing need assigned to the Council of San Benito County Governments totals 3,890 dwelling units, as shown in Table 22 below.

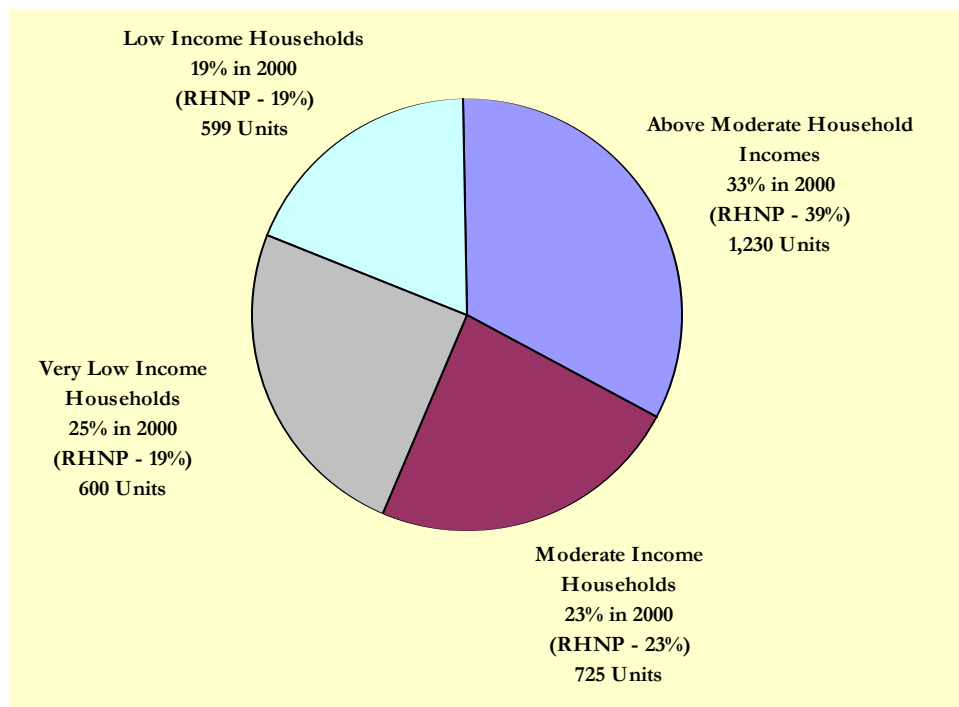
Table A22: Regional Housing Needs Allocation for San Benito County Governments

	Very Low	Low	Moderate	Above Moderate	Total
	19%	19%	23%	39%	
Hollister	600	599	725	1,230	3,154
County of San Benito	118	118	143	241	620
San Jaun Bautista	22	22	27	45	116
Total	740	739	895	1,516	3,890

Source: Council of San Benito County Governments Regional Housing Needs Plan, January 1, 2001 through June 30, 2009

Hollister's allocation of its fair share of the regional housing need is 3,154 units between January, 2001 and June, 2009. This represents 81% of the San Benito County total. The income breakdown for these units is shown above and in Figure 3 below. By comparison, the fair share of affordable housing allocated to the City during the last Housing Element update cycle was 1,945 units between 1991-1997.

Figure A2: Current Breakdown of Hollister Households by Income Category (Year 2000) Compared to the Regional Housing Needs Plan (RHNP) Income Breakdown



The major goal of the RHNP is to assure a fair distribution of housing among cities and county so that every community provides an opportunity for a mix of housing affordable to all economic segments. Each COG member's share of the regional housing need must be used in that member's housing element as the local goal for accommodating additional housing. The housing allocation targets are not development requirements, but goals for each community to accommodate through appropriate planning policies and land use regulations. These are not housing unit quotas that jurisdictions must achieve within the time frame of their next housing element update. Allocation targets are intended to assure that adequate sites and zoning are made available to address anticipated housing demand during the planning period and that market forces are not inhibited in addressing the housing needs of all economic segments of a community.

The Regional Housing Needs Plan is based on assumptions for (1) employment-generated population growth; (2) growth in agricultural employment (expected to be minimal); (3) historic patterns of population growth (1990-2000); (4) that the primary employment center will continue to be Hollister and San Juan Bautista, and employment generated housing demand will affect these two communities the most; (5) the residence and commuting patterns of the percentage of homeowners relative to renters should remain stable between 2001 and 2008; (6) the City of Hollister and some of the unincorporated areas of the County will be affected more by commuter-driven population growth than by employment generated population growth; and (7) the relative change in income distribution for each COG member jurisdiction is based on the change reported by the Census Bureau for the period 1990 to 2000.

It is noteworthy that Hollister is expected to have a substantially higher number of low-income households in comparison to the county at-large, while San Juan Bautista and the unincorporated county area are expected to have substantially smaller percentages of low-income households. Nevertheless, it is also noteworthy to compare the RHNP distribution to the current breakdown of households by income in Hollister.

WHERE CAN WE PUT NEW HOUSING?

Approved Development Projects

A building moratorium has been effect in the City of Hollister since May, 2002 due to inadequate sewerage capacity. Prior to the imposition of the building moratorium, 969 new housing units had been approved. These projects are expected to be constucted once the new sewerage treatment plant is completed in October 2005:

- Vista Meadows. This 72-unit low-income senior housing project is

being developed by South County Housing, one of the largest non-profit developers of affordable housing in the region. The 3-acre site is located on Park Street and is zoned R-3S.

- Westside Apartments. This project is being developed by Community Services Development Corporation, a non-profit affordable housing developer located in Hollister. The project is located on a 2-acre site on Westside Blvd. and San Juan Road that is zoned R-3. The development will serve large, low-income families and will contain 11 three and four bedroom units, outdoor common space, and a play area for children.
- Palm Court Apartments. The City of Hollister Redevelopment Agency (RDA) is currently working with the Community Services Development Corporation (CSDC) to replace 12 dilapidated housing units with new three and four bedroom apartments on this 1-acre site located on Line Street. Units will be replaced as tenants voluntarily leave. All new units will be affordable to low-income families. The RDA is providing a \$1 million low-interest loan to this project.
- Hillview. South County Housing is developing 25 single family houses for low-income households on this 2-acre site on Buena Vista. Homes are expected to be approximately 1,800 square feet on 6,000 square foot lots. The property is zoned R1.
- Estancia Senior Village. Warmington homes is developing a planned unit development (PUD) housing project targeted to the senior market on a 12-acre site zoned R-3PD. The project will contain 170 units approximately 1,100-1,200 square feet in size. Forty percent of the units, or 68 units, will be deed-restricted as low-income housing, and the remaining 60%, or 102 units, will be market-rate housing affordable to moderate income households.
- Westview. Award Homes is developing 677 single family units on 125 acres, zoned R1, in the Westview Specific Plan Area. Twenty-two homes will be designated as low-income units and 22 homes will be reserved for moderate income households.
- Intravia Duplex. A duplex has been approved on San Benito Street in the Central Residential (RD) District. The two market-rate units will be affordable to moderate-income households.

Additional Housing Capacity

The City of Hollister is adopting a land use plan that zones additional land for all residential land use categories and provides for phased

annexation of land in the surrounding Planning Area. Table 23 below shows that an additional 502 acres will be zoned for residential use over the General Plan planning period. Of this land, the single family district will gain 157 acres and will increase by approximately 5%. The two-family district will increase by 44 acres, an additional 18% over the current land area. Land zoned for high density will increase substantially by 119% with 222 additional acres designated for multi-family development. The changes in land use provide additional housing capacity for 9,238 units, far in excess of the 3,154 units needed in the current planning period.

It is clear that the City has sufficient land to meet its regional housing needs. The rate of development is expected to be constrained by the City's ability to provide adequate infrastructure, including water and wastewater treatment, to new housing units.

Mixed Use

The City is creating a new 79-acre Mixed Use zoning district that will encourage retail ground floor uses with a mix of office and residential uses on one to two floors above the ground level. The proposed Mixed Use district falls within the Redevelopment Agency Project

Table A23: Additional Housing Capacity Resulting From Proposed Changes In Residential Land Use

Land Use	Existing Land Area (Acres)	Proposed Land Area (Acres)	Net Change	Density Range	Typical Density	Additional Housing Capacity
Low Density/ Single Family	3,066	3,223	+157	1 - 8	6	942
Medium Density/ Two-Family	238	282	+44	8 - 12	10	440
High Density/ Multi-Family	186	408	+222	12 - 35	24	5,328
Mixed-Use	n/a	79	+79	25 - 40	32	2,528
Total	3,490	3,992	+502			9,238

Source: Moore Iacofano Goltsman Inc. (2003)

Area. Many lots are currently vacant, while others contain commercial uses. The City is considering a density range of 25 to 40 units for the mixed-use area, with a mid-range value of 32. At this density, housing capacity exists for 2,528 units. It is expected that market-rate units built within the mixed-use district will be affordable to low and moderate income households.

Second Units

The City estimates that approximately 20 second units were developed over the last planning period. Changes in the second unit regulations and approval process, as described elsewhere in this Housing Element, are expected to increase second unit development to an estimated 50 units over the current planning period.

"AT RISK" HOUSING

Government Code Section 65583 requires each city and county to conduct an analysis and identify programs for preserving assisted housing developments. The analysis is required to identify any low income units that are at risk of losing subsidies over the next 10 years. Table 24 identifies deed restricted affordable housing developments in Hollister.

Many of the deed-restricted affordable housing developments in Hollister utilize the Rural Development's Section 515 direct mortgage program. This program granted 40-year loans with a 1% interest rate. Many loans were prepayable in 20 years, and all projects had Section 8 or rental assistance.

- Lado Del Rio. The Lado Del Rio is a 22-year old apartment complex with 42 townhouses available for rent. Lado Del Rio Investors, a private investment group, owns the property. The development serves the low-income population, and many residents hold Section 8 certificates. A Section 515 loan provided original financing for the development in 1982. In 2002, the property own-

Table A24: Deed Restricted Affordable Developments in Hollister

	Project Size	Type and Population Served	Expiration Date of Subsidy	Deed Restriction Source	Tenure Date of the Built Units	Ownership /Mgmt.
Hollister Plaza	116	Low-Income	7/31/2002	Section 8;	Rental	Lado Del
Lado del Rio	42	Low-Income	2001	Section 515 rrh	1982 Rental	Rio
Park Street	40	Low-Income	2003	Section 515 rrh	Rental	
Prospect Ave. Sr. Apts.	20	Low-Income Senior Very Low	2005	Section 515 rrh	Rental	Hollister
Prospect Villa Apts. I	14	Income Senior and Very Low	2009	Section 515 TCAC	2003 Rental	Investor Group Hollister
Prospect Villa Apts. II	42	Income Senior and Very Low	2028	Section 515 TCAC	1992 Rental	Investor Group Hollister
Prospect Villa Apts. III	30	Income Senior and	2028	Section 515 TCAC	1996 Rental	Investor Group

Source: U.S. Department of Agriculture CA Rural Development Office, February 2003; California Housing Partnership Corporation, May 2003; Lado Del Rio Investors;

ers reviewed the loan and decided not to prepay. There are no plans to prepay the loan, and the property owners intend to maintain the property as affordable housing for low-income households. The housing units are in need of major rehabilitation, and the City of Hollister Code Enforcement Department has issued health and safety violations. The property owners state that they need approximately \$1 million for repairs and upgrades. The Lado Del Rio development is in the City's Redevelopment Project Area and has been identified as a project in the Hollister Community Development Plan. The City will continue to work with the property owners to provide financial assistance as appropriate and to assure the continuing affordability of the units.

- **Prospect Villa Apartments.** Prospect Villa comprises three developments, each owned by a separate privately owned investment group. All developments provide rental housing units for very-low income seniors or disabled persons. Prospect Villa I was closed in recent years, completely rebuilt, and reopened in December of 2002. All three developments are not at risk of conversion to market-rate housing during the next ten years.

POTENTIAL NON-GOVERNMENTAL CONSTRAINTS TO HOUSING

State law requires an analysis of potential and actual governmental and non-governmental constraints to the maintenance, improvement, and development of housing for all income levels. The Housing Element must identify ways, if any, to reduce or overcome these constraints in order to meet the City's housing needs.

Land and Construction Costs

A number of costs are involved in the development of housing. These include the cost of land, materials, labor, financing, fees and associated development requirements, sales and marketing costs, and profit.

Because many of these costs are determined by economic markets, it is difficult for a local government to mitigate or reduce them. A jurisdiction's land use policies, however, do directly influence the value of developable land.

Vacant land within the city limits is extremely limited. In addition, developable land is currently subjected to the City's Growth Control Measure and moratorium. According to local realtors, a lot zoned R-1 with a lot size between 4,500 and 6,500 square feet typically sells between \$150,000 and \$160,000. Larger lots of 1 acre or more are found outside of the city's limits in the unincorporated area of San Benito County. As an example of land costs, a developer of a 297-acre subdivision containing 35 lots, improved with undergrounded utilities, is currently marketing 1+ acre lots for \$320,000 to \$335,000. These are intended to be improved with high-end homes that are affordable to above-moderate incomes.

Construction costs vary depending upon the type of materials and finishes used. According to local developers, hard costs for construction of production housing typically range from \$60 to \$70 per square foot. Including the cost of land, site improvements, and development fees, a typical house will cost approximately \$200 per sq. ft. or, for example,

\$400,000 for a 2,000 sq. ft. single family unit. The cost to custom-build a single family detached house can exceed \$200 per square foot. Thus, a 2,500 square foot home may incur construction costs of \$500,000, including land costs. The final cost of this home would be approximately \$825,000. Both production-type housing and custom-built housing is sold at prices beyond the reach of moderate-income households in Hollister.

Sewer Treatment and Transmission Capacity

The City treats domestic and industrial wastewater at the Domestic Wastewater Treatment Plant (DWTP), located on the west side of the City, on the north side of Highway 156. The plant has a permitted capacity of 2.69 million gallons per day (mgd). In mid-2000, the plant had an effective disposal capacity of 2.50 mgd. Additional capacity has historically been provided at the City's Industrial Wastewater Treatment Plant (IWTP). The permitted capacity for the IWTP during the cannery season is 3.5 mgd plus an incremental amount of domestic and industrial wastewater. Currently the incremental capacity is 0.18 mgd. During the non-cannery season, the permitted capacity is 1.72 mgd.

Capacity limitations for the City's wastewater treatment plant led the City Council to adopt an emergency ordinance that suspended all new construction in the City until the deficiencies were corrected to the satisfaction of the Regional Water Quality Control Board.

The City is currently developing a long-term wastewater management program and taking steps to improve the existing sewerage treatment facility. In 2003, the City constructed new headworks at the Domestic Wastewater Treatment Plant in order to accurately measure influent flow volumes and constructed emergency storage ponds. The City implemented an interim treatment process to improve quality and has funded water conservation measures. Also, the City initiated a hydrologic study that will characterize ground and surface water conditions in the vicinity of the treatment plants. An initial data inventory was

completed and additional monitoring sites selected. The project will be completed in May of 2004.

The City is developing alternatives for construction of a new waste-water treatment facility and will make a final selection of the preferred treatment and disposal process in the spring of 2004. Construction of a new treatment facility is scheduled for completion in October of 2005. The new facility will most likely have a capacity of 4.0 mgd and will be adequate to serve the needs of the 13,108 housing units projected in this Housing Element.

Water Capacity

The City of Hollister is served by the City water system in the west and central area and the Sunnyslope County Water District (SCWD) in the east and southeast portion of the City. All the development approved or proposed in the City is located within these established service areas and will be served by these agencies. Water capacity is sufficient to serve the existing population needs but will not be adequate to meet the needs of future growth. The City will need to identify additional water sources in order to provide adequate water for the additional housing units projected in the current planning period.

Traffic

Hollister's tremendous growth in the 1990's has impacted the City's ability to provide roadways with acceptable levels of service. State Highway 25, the City's major east-west two-lane corridor that currently runs through the downtown area, has become increasingly more dangerous and congested. There are seventy collisions on Highway 25 annually. Between February 2000 and February 2002, there were twenty fatalities. In 2002, improvements were made to the road, including a yellow rumble strip, a wider median, and wider shoulders to improve the safety along the roadway. A Task Force has recommended installing concrete barriers, providing turn lanes at some intersections, and closing some private driveways along the road, at an estimated cost

of \$14 million. If financing can be secured, improvements could begin in 2004. In order to serve the needs of both current and future residents, it has been recommended that Highway 25 be upgraded to a four-lane highway. However, the estimated cost of \$190 million is unlikely to be funded by the State in the short-term given the current budgetary constraints.

At the present time, plans are underway to reroute Highway 25 around the downtown section of Hollister through the construction of a "bypass" roadway. The San Benito Council of Governments is overseeing the "Highway 25 By-Pass" project. Funding of \$30 million has been secured, and the project is expected to be completed by 2006. The "Highway 25 By-Pass" is anticipated to reduce traffic congestion in the downtown area and improve safety conditions in and around downtown. Planned pedestrian, parking, and streetscape improvements and various redevelopment projects should enhance the economic vitality of the downtown and make the area a more desirable neighborhood for potential visitors.

Financing

An important factor in determining the availability of affordable homeownership opportunities is the availability of financing at reasonable interest rates. Interest rates are determined by the market and are affected by the general health of the economy, Federal Reserve Board policy, the current and expected rates of inflation, Federal fiscal policy, and other factors. In recent years, interest rates have been at historical lows. Currently, 30-year conventional mortgage rates are at around 6%; lower interest rates are available for a variety of financing options, including adjustable rate mortgages and interest-only loans.

Low interest rates enable an individual to qualify for a larger loan or reduce monthly payments on an existing loan. While existing homeowners benefit from low interest rates through refinancing of older, higher interest rate mortgages, first-time homebuyers do not accrue the

same advantage. This is because market forces typically cause housing prices to rise in response to a low interest rate environment. Over the past two years, housing prices have continued to rise nationwide despite continuing poor economic conditions. Economists attribute most of the market support for increasing housing prices to Federal Reserve monetary policy, which has resulted in a reduction in the federal funds interest rate thirteen times since the beginning of 2001, from 6.5% to the present rate of 1%. Thus, current low mortgage interest rates have not increased the purchasing power of a first-time homebuyer.

Initiatives have been designed, to some degree, to help first-time homebuyers and buyers with inadequate credit histories to enter the housing market. Mortgage assistance programs are now available through many financial institutions, primarily as a result of the Community Reinvestment Act (CRA). The CRA encourages depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods. Most major banks have developed specific financing programs and are aggressively courting low and moderate-income buyers in order to meet CRA goals. Typically, these mortgage programs may require little or no down payments, options to finance closing costs or allow closing funds to come from sources other than the applicant's personal savings, and more flexible credit guidelines than conventional mortgages.

Financing is generally widely available and not restrained for buyers with good credit ratings. It remains difficult, however, for homebuyers without sufficient assets or home equity to qualify for financing without above-moderate incomes. The median price for a house in Hollister was \$378,000 in May 2003. Assuming a 10% down payment and an interest rate of 6%, the monthly payment for the median priced home would be \$2,040, requiring a household income of \$110,000 to qualify for the loan. The median household income for a family of four is currently \$67,100.

POTENTIAL GOVERNMENTAL CONSTRAINTS TO HOUSING

The California Legislature has delegated to local governments specific responsibilities and a certain amount of discretionary authority over the development and use of land. Through land use controls, building codes and development review procedures, requirements and fees, cities influence the location, density, type, number quality and appearance of housing units within their jurisdiction. These actions, in turn, affect the cost and availability of housing not only within their boundaries but also in the region as a whole.

Governmental constraints may generally be divided into land use and development controls (such as zoning, subdivision, and growth management policies), building codes, development impact fees and other exactions required of developers for project mitigation, and development processing and permit approval procedures. The purpose of regulatory constraints, which are mostly introduced by local government in response to State and Federal mandates, is to protect the long-term health, safety, and welfare of the community. Also, many ordinances and procedures are local in origin and reflect the desired quality of life values and objectives of the area's residents.

Land Use Regulations

The City regulates the use of land within the city limits through the Hollister General Plan, Municipal Code, and the Uniform Building Code. The Zoning Ordinance establishes development standards, intensity of development, and minimum site requirements. These regulations are considered necessary to protect and preserve the existing housing stock and to ensure the orderly development of available land. Various residential zones have been established along with a minimum set of requirements for densities, setbacks, lot coverage, and parking. A summary of the City's residential districts and commercial districts where housing is conditionally allowed is detailed in Table 25 on the

next page.

Generally, minimum lot sizes range from 4,500 square feet for mobile-home districts to 6,000 square feet for single-family districts and 8,000 square feet for multi-family districts. The R4 medium density multi-family district requires a minimum of 7,000 square feet for a two-unit dwelling and an additional 1,000 square feet for each additional unit up to 10 units. For each unit in excess of 10, an additional 750 square feet is required. In addition to the residential districts, housing is allowed as a conditional use in selected commercial districts. In the C1 (Neighborhood Commercial) district, low-density multi-family and mobile-homes are allowed with a use permit. In the C2 (General Commercial) district, mobilehome parks are conditionally permitted. While it is acknowledged that regulations by their very nature may increase the cost of housing in the City, development parameters are not excessive or overly restrictive, and they are deemed to be the minimum required to protect the general welfare and regulate the quality of development.

Land-use controls can be viewed as a constraint in that they determine the amount of land to be developed for housing and establish a limit on the number of units that can be built on a given site. Land use regulations in Hollister restrict housing development to single family units on approximately 88% of the land within the City limits. General plan and zoning ordinance amendments will be proposed as part of the General Plan to provide additional areas for housing development and to expand the supply of affordable housing units. Changes are recommended to zone additional land for medium and high-density multi-family housing, and zone land for mixed-use in order to encourage residential uses in commercial areas.

Second Units

A second dwelling unit is a small unit in addition to the main house on a single lot. Second units have the following benefits.

- (1) They provide flexibility for the owner of the main home (they

Table A25: City of Hollister Zoning Standards

Zone	Classification	Minimum Lot Size (sf)	Building Coverage	Front (ft)	Setbacks Side (ft)	Rear (ft)	Building Height (ft)	Density (Units, 1.000)	Parking
RA	Residence Agricultural	40,000	40%	20	6	15	30	1.	

Source: City of Hollister Zoning Ordinance

can be used as a home office, an apartment for elderly parents, or a source of income);

(2) When rented they help make home-ownership affordable for the owner of the home;

(3) They can provide flexibility for seniors or other homeowners who rent their primary dwelling because they still want to live in the same neighborhood;

(4) They provide lower cost housing because the units tend to be small and there are no extra land costs;

(5) They typically provide lower cost housing for younger households (under 34) and seniors (65 years plus), and these are the demographic groups that have been identified as having the most significant low income housing need in Hollister;

(6) They are easier to fit into existing neighborhoods since they are small and are often part of the main house.

The City's current second unit ordinance requires a minimum lot size of 8,000 square feet and permits both attached and detached units. Attached units must conform to all zoning standards of the applicable district, excluding density standards. Detached units must conform to all zoning standards, and the distance between the principal unit and a detached unit must be at least ten feet. The maximum floor area of a second unit is 850 square feet, and the minimum floor area is 300 square feet. The off-street parking requirement is four spaces for both the primary and secondary unit, although the planning commission may authorize a total of three spaces if one of the units has one bedroom or less. A minimum of 450 square feet of usable private yard area per unit is also required. Approximately 20 second units were developed during the previous planning period. It appears that the lot size requirement has posed the most significant constraint to second unit development in Hollister. The R1 district establishes a minimum

lot size of 6,000 square feet for single-family houses. Restricting second unit development to 8,000 square foot lots limits the development potential of most single family lots.

In compliance with State law AB1866, the City of Hollister is revising its second unit ordinance to facilitate ministerial review of second unit applications. In conjunction with a program to establish design review guidelines for all development, the City will adopt clear and detailed design guidelines for second units that can be applied in an objective manner. It is the intent of the City to adopt an ordinance that facilitates the development of second units in appropriate residential zones without arbitrary, excessive, or burdensome provisions or requirements. As such, this Housing Element recommends the following revisions and standards to the City's second unit ordinance:

- Establish a procedure to review second unit applications and approve Second Unit Permits with ministerial review.
- Permit one additional dwelling unit on any single-family parcel.
- Reduce lot size requirements to 6,000 square feet.
- Require the applicant to be an owner-occupant, but allow the owner to live in either the main unit or the second unit.
- Permit the second unit to be either detached or attached.
- Require the additional dwelling unit to meet all setbacks and development standards, including height and lot coverage, which apply to the residential district in which the main unit is located.
- Establish a minimum second unit size of 150 square feet and, in order to preserve affordability of the unit, a maximum size of 850 square feet.
- Require one off-street parking space in setback areas per studio unit or per bedroom. Consider allowing tandem parking.
- Require the unit to meet all applicable building codes.
- Establish architectural guidelines that require the second unit to be compatible with the design of the main dwelling unit and the single family character of the surrounding neighborhood. Compatibility with the existing primary structure could include coordination of colors, materials, roofing, other architectural features, and landscaping, designed so that the appearance of the site remains that of a

single-family residence.

As identified in a subsequent section analyzing development fees and exactions, this Housing Element recommends revising planning and impact fees to encourage multi-family development and to more fairly apportion the costs and impacts of development on the community. Development fees for second units should be set low enough to facilitate second unit development and to encourage owners of illegal second units to legalize their units and bring them up to code. A sliding scale for impact fees could reflect the reduced impact that second units (relative to single-family dwellings) have upon the resources and infrastructure of the community.

Second Second units are an important source of affordable housing in Hollister, and market rents are typically affordable to low and moderate-income families. In order to expand the stock of affordable housing, the City could encourage developers to include second units in single-family developments, such as the Country Rose development approved by the City. In order to achieve this goal, the City could revise the current rating system used in the allocation process of the City's growth management program and award points to developments that include second units in their proposals. The City could also consider a program that would allow second units to partially meet a developer's inclusionary requirement.

Manufactured Housing and Mobilehomes

State law limits the extent to which cities and counties can regulate the installation of manufactured homes, including mobilehomes. Pursuant to State law, any site that can be developed for site-built residential development must also be available for the development of manufactured housing and mobilehomes. Government Code section 65852.3 requires that cities allow installation of certified manufactured homes on foundation systems on lots zoned for conventional single-family residences. This section and Government Code section 65852.4 gener-

ally require that manufactured homes be subject to the same land use regulations as conventional homes. Government Code section 65852.7 deems mobilehome parks to be a permitted use in all areas planned and zoned for residential use, although use permit requirements may apply.

According to the U.S. Census, there were 307 mobilehomes in Hollister in 2000. Chapter 17.14 of the Hollister Zoning Ordinance establishes a Single-Family Mobile and Factory Housing (RMH) District for the development of mobilehome parks. Chapter 17.44160 permits mobilehome parks in any zoning district with a conditional use permit. Manufactured housing is not expressly permitted as a use-by-right in single-family districts. The City's Zoning Ordinance could be amended to establish mobile and manufactured homes on foundations as permitted uses in the R1 Single-Family Residence District and the RA Residence Agricultural District, subject to the City's Design Review Guidelines and other applicable zoning standards.

Building Code

Like most communities, the City of Hollister has adopted the Uniform Building Code (UBC) that sets minimum standards for residential development and all other structures. The standards may add material and labor costs, but are accepted state-wide as necessary minimums for the safety of those occupying the structures and do not pose a special constraint to the production of housing. Modification of the code in order to reduce the cost of housing would not be appropriate. The City enforces energy conservation standards enacted by the State. The standards may increase initial construction costs, but over time will result in energy savings. Building code compliance for existing units is limited to the enforcement of health and safety standards, rather than the most current building codes. The City's Code Enforcement Department actively abates illegal second units that pose significant life-endangering conditions. In these cases, the City enforces an ordinance that requires owners of illegal units to provide three months

rent to displaced renters. As part of a program to encourage legalization of illegal units, the City could consider providing rehabilitation loans to homeowners to make necessary repairs and modifications to illegal units that may otherwise conform to the City's new second unit development standards.

Development Review and Permit Processing

Like all jurisdictions, the City of Hollister has procedures and regulations for project review and approval, some of which are mandated by State law. Virtually all development projects require some type of formal local approval and environmental assessment, many of which require public review and noticing and public hearings. A project proposed in Hollister is typically involved in some combination of the following review processes: environmental review, site and architectural review, subdivision maps, rezonings, residential unit allocation, use permits, and building permits.

Development review requirements and permit processing time can add to development costs and may be reflected in higher housing costs.

The costs and timing of processing are the result of State requirements, local procedures, the quality of project submittals, and local resident review. Certain steps in the development review process, such as General Plan amendment, the filing of tentative and final subdivision maps, and environmental impact review, are required by State law. In addition to State requirements, local development review processes have been adopted in order to ensure good site and architectural design and to promote the general health and safety of the community. However, the City recognizes that undue delays in processing project applications increase a developer's costs and should be avoided.

Average processing times for various planning activities in the City of Hollister are shown in Table 26. Processing times for single family and multi-family developments are similar. Many permits are processed concurrently at the discretion of the applicant. General Plan Amend-

Table A26: Development Review Processing Times in Hollister

Environmental Review	Adds no time if project receives a negative declaration; adds 12 months if an EIR is required.
General Plan Amendment	18 months if project receives a Negative Declaration; up to 2 years if an EIR is required.
Rezoning	8-10 months for a Negative Declaration; 12 months for projects requiring an EIR.
Tentative Map	50 days of complete application
Final or Parcel Map	Up to 2 years
Residential Unit Allocation	8 months
Site and Architectural Review and Use Permits	
Exempt	60 days or less
Negative Declaration	90-120 days
EIR	1 year
Variances	60 days
Building Permit Review	2 weeks

Source: City of Hollister Planning Department

ments must be submitted to the Planning Commission and City Council for pre-approval and the submitted as a formal application. The additional processing step adds approximately 4 to 5 months to the review time but is considered necessary to adequately plan for the needs of large housing developments. The City's Residential Unit Allocation process prioritizes applications and grants development approval under the growth management ordinance. This additional level of review adds approximately 8 months to the review process.

Site and Architectural Review

Any project requiring a Building Permit within any zoning district, except R-1, is required to undergo site and architectural review. Site and architectural applications are approved by the City Planning Com-

mission. In order to reduce processing times and associated costs, the Planning Division encourages applicants to submit preliminary proposals for staff review. City staff then consults with the applicant and provides advice on possible design changes or other technical concerns. The City requires Site and Architectural plans to be prepared by a design professional. Once a formal application is filed, the City reviews the application for completeness and notifies the applicant within 30 days if the project is complete or requires additional information.

Then, an environmental evaluation is completed which dictates the appropriate environmental document to generate and certify (Categorical Exemption, EIR, Negative Declaration). Subsequently, the Development Review Committee reviews the application, analyzes the design, makes recommendations, and formulates conditions of approval to be considered by the Planning Commission. A public notice is then sent to property owners within 300 feet of the project site, and a public meeting is held with the Planning Commission to review the application within 60 days of the date the application is deemed to be complete. The Planning Commission may approve, conditionally approve, or deny a request. The Planning Commission's action may be appealed to the City Council.

The City undertakes architectural review of projects to ensure their compatibility with the surrounding area and the community. However, design guidelines are not formally adopted as part of the zoning ordinance. The City is considering a program to adopt specific design guidelines for certain gateway areas and more general "design principles" that will establish consistent development review criteria for use by applicants, the community, staff and decision-makers. The intent is not to create new barriers to housing, but to make the process more objective by including working definitions and criteria for community expectations in the design review process. Guiding design principles also help to enhance neighborhood identity and sense of community

by ensuring that new housing has a sensitive transition of scale and compatibility in form to the surrounding neighborhood.

Growth Management Program

The City of Hollister has had a Growth Management program in effect since 1982. The program features are contained in the Hollister Municipal Code Chapter 16.64. The purpose of the program is to:

- Encourage a rate of growth that will not exceed the City's ability to provide adequate and efficient public services or the ability of the local economy to support such growth;
- Establish and maintain the essential quality and level of public services and facilities;
- Establish and maintain a desirable degree of variance among land uses and ensure the vitality, character and economic stability of the community, including provisions for, and maintenance of, a balanced community with adequate housing to meet the needs of local employment and City residents;
- Establish and maintain a growth rate that allows for residential development by small and owner-builders to help maintain the economic stability of the community; and,
- Establish and maintain a policy that requires new development to fund necessary public services and facilities required by development to ensure the services and facilities are in place to serve such areas once they are developed.

In November 2002, the residents of the City of Hollister approved a growth management initiative that revises the limits placed on the number of residential unit allocations per calendar year and establishes a rating scale to evaluate and rank proposed projects. The ordinance limits new housing development to 244 units per year, with up to 40 units reserved for lower-income housing. These limits appear to impact the City's ability to meet its regional housing needs numbers, which require an average annual production of 371 units, with 141 of these units to be affordable to lower-income households. However, several mitigating factors should enable the City to meet its regional housing needs. First, an outstanding allocation of 969 units that were

approved prior to the adoption of the growth management ordinance have not yet been built, and, if considered independently, would enable the City to fulfill its moderate and above-moderate requirements. In addition, second units, as per State law AB 1866, are exempt from Hollister's growth control ordinance, and these units could provide a significant source of housing affordable to lower-income households.

Since the growth management ordinance does not contain any carry-over provision for unused allocations, the City is considering amending the ordinance to permit unused allocations to be carried forward to the following year. This is especially important during the period when Hollister is under a building moratorium. The City is also considering an amendment that exempts affordable units, both units that comprise a non-profit affordable housing development and those that are built to satisfy a developer's inclusionary requirement.

In summary, the following actions would mitigate the effect of the growth control ordinance and enable the City to meet its regional housing needs and provide an adequate supply of affordable housing:

- Exempt second units, as per AB 1866.
- Exempt deed-restricted units that are affordable to low and moderate income households.
- Exempt pre-approved housing units.
- Allow carry-over of unused allocation from year to year.

Development Fees

Local fees add to the cost of development; however, particularly after Proposition 13, cities are concerned with the need to recover processing costs. Line item fees related to processing, inspections and installation services are limited by California law to the cost to the agencies of performing these services. Table 27 shows typical planning fees in Hollister.

In addition to the planning fees described above, Hollister has established a number of impact fees in order to pay for the increased

Table A27: Planning Fees in Hollister

General Plan Amendment			
5 acres or less	\$3,350	Site and Architectural Review	
5 - 10 acres	\$4,400	4 units or less	\$550
	\$4,000 deposit plus		
More than 10 acres	\$750 GP fee	5 - 10 units	\$780
Minor Text Amendment	\$1,000	10 or more units	\$1,000 plus \$10/unit
Major Text Amendment	\$2,000 deposit	Residential Development Review	\$800
Prezoning/Rezoning		Conditional Use Permit	\$705
5 acres or less	\$2,150	Secondary Residential Unit	\$625
5 - 10 acres	\$3,150	Variance	\$510
	\$3,000 deposit plus		
More than 10 acres	\$600 GP fee	Environmental Review	
Tentative Maps (5 lots or more)	\$1,875 plus \$22/lot	Negative Declaration	\$250
Parcel Map/Misc. Land Division	\$1,100	EIR	
Extensions/Revisions	50% of base fee		
Lot Line Adjustment	\$250 per lot		
Use Determination	\$460	Hourly Processing Rate	\$45
	\$450 plus county		
Certificate of Compliance	recording fees		

Source: City of Hollister Planning Department

demand for City services such as park development, storm drains, sewer lines, police and fire protection, and transportation improvements. Hollister has been growing at a rapid rate over the past ten years, and costs to develop the City's infrastructure and expand City services have been substantial. Impact fees, as detailed in Table 28, can total approximately \$25,000 for a single family dwelling and \$17,000 for a multi-family unit.

Like all local governments, Hollister also charges fees for building, electrical, plumbing, and mechanical permits. A plan check fee is calculated at 65% of the prescribed building permit fee. A comparison of fees charged for a single family and a multifamily project is shown in Table 29. Fees for a typical subdivision single family home total \$28,042. According to "Pay to Play: Residential Fees in California

Table A28: Residential Development Impact Fees in Hollister

Unit Type	Single Family Detached	Single Family Attached	Multi-Family
Water	\$1,770	\$1,770	\$1,770
Traffic	\$15,197	\$12,913	\$7,599
Storm Drain	\$2,090	\$2,090	\$2,090
East Area Storm Drain	\$1,090	\$1,090	.2006 per sq. ft.
Sewer Treatment	\$1,530	\$1,530	\$1,530
Sewer Collection	\$1,790	\$1,790	\$1,790
Police	\$310	\$310	\$310
Fire	\$420	\$420	\$420
Park Development	\$1,123	\$934*	\$751**
Jail and Juvenile Hall	\$367	\$367	\$367

*Duplex and Low Density Multi-family

** Medium and High Density Multi-family

Source: City of Hollister

Cities and Counties, 1999," published by the State Department of Housing and Community Development, Hollister's fees are higher than the California state average of \$24,325 for a similar single-family home but lower than the Central Coast regional average of \$29,979. Fees for a typical unit in a multifamily development are \$18,307 in Hollister. These fees are higher than the state average of \$15,531 but lower than the Central Coast average of \$19,448.

The analysis shows that most of Hollister's impact fees are the same for both single family and multi-family development. Considering that multi-family units are typically smaller than single-family dwellings, and the resultant impact on City resources and infrastructure is commensurately less, the City may consider revising impact fees so that exactions are more fairly apportioned. In order to encourage the development of affordable housing, the City could consider a sliding scale that provides lower impact fees for second units and multi-family development. The City may also consider reducing the Secondary Residential Unit plan-

Table A29: Comparative Development Fees for Single Family and Multifamily Dwellings

	Single Family Unit*	Multifamily Unit**
Square Feet	2,000	1,000
Tentative Map	\$97	\$80
Final Map	\$44	\$44
Site and Architectural Review	\$50	\$50
Building Permit	\$794	\$496
Plan Check	\$516	\$322
Plumbing, Electrical and Mechanical Permits	\$266	\$211
S.M.I.P.	\$14	\$7
General Plan Fee	\$574	\$269
Impact Fees:		
Water	\$1,770	\$1,770
Traffic	\$15,197	\$7,599
Storm Drainage	\$2,090	\$2,090
East Area Storm Drainage	\$1,090	\$201
Sewer Treatment	\$1,530	\$1,530
Sewer Collection	\$1,790	\$1,790
Police	\$310	\$310
Fire	\$420	\$420
Park Development	\$1,123	\$751
Jail and Juvenile Hall	\$367	\$367
Total	\$28,042	\$18,307

* Based on a 25-unit subdivision on 4 acres.

** Based on a 1 acre multifamily project with 25 units.

Source: City of Hollister Building and Planning Departments

ning fee in order to encourage new second unit production and the legalization of existing illegal units.

Affordable Housing Funding

Due to the high cost of housing in Hollister, deep subsidies are needed to make housing affordable to low and moderate-income households. To make projects feasible, developers must rely on a variety of federal, state, and local funding and financing sources. All funding sources require separate reporting and data collection. When multiple funding sources are used, as is usually necessary, additional burdens are placed

on developers with limited staffing to track the information required and report on a timely basis.

California localities receive federal subsidies for affordable housing through a number of programs. Like state programs, federal programs often change in terms of program details, application procedures, and amount of subsidy dollars available. State agencies also play an important role in providing housing assistance by allocating federal housing funds and/or making loans available to affordable housing developments. The three principal agencies involved are the State Treasurer's Office, the California Housing Finance Agency (CHFA), and the California Department of Housing and Community Development (HCD). Competition for available funding is keen and is expected to become more intense in view of current and projected government deficits.

Local government resources, which have historically played a less important role in supporting housing development, now play a fairly significant role by making local developments more competitive for federal and state financing. There is considerable competition for the program funds that are available, and any one development will need to draw upon multiple resources to be financially feasible. When developments are able to demonstrate a financial commitment and contribution from local sources-especially if coupled with regulatory support through policies such as fast-track processing, fee waivers, and/or density bonuses-they are better able to leverage funding from other 'outside' sources.

The Redevelopment Agency of the City of Hollister provides funding and resources for many affordable housing projects and programs within Hollister. A significant number of these projects are developed in collaboration with the county's two major non-profit developers, South County Housing and Community Services Development Corporation. From fiscal year 2004-05 to fiscal year 2009-2010, the Redevelopment Agency expects to generate approximately \$11,677,907.00 in tax increment specifically for the purposes of preserving and providing

affordable housing within the Redevelopment Project Area. The Agency is permitted to utilize its resources anywhere within the City Limits providing appropriate findings can be made that a proposed project benefits the project area.

Table A30: Housing Set Aside

Year	Housing Set Aside
2004	\$1,296,240
2005	\$1,387,843
2006	\$2,088,511
2007	\$2,192,173
2008	\$2,300,240
2009	\$2,412,900
Total	\$11,677,907

Source: Hollister Redevelopment Agency, 2003

AB 1290 requires the Redevelopment Agency to adopt an Implementation Plan every five years. The City of Hollister Redevelopment Agency will adopt its new plan prior to December 2004. Within the 1999-2004 Implementation Plan a few housing projects were identified and completed, however, once the Regional Water Control Board placed a cease and desist order the Agency was unable to continue constructing new units. The Agency recognizes that the order will not be lifted until October 2005, therefore, efforts in preserving existing housing stock need to increase. In addition, the Agency will continue to offer down payment assistance programs.

As mentioned above, the cease and desist order prohibits the Agency from building new affordable housing projects. However, the Agency has several affordable housing projects identified for construction after the moratorium is lifted. The following is a list of potential Agency assisted projects.

Bridgevale, 72 unit very-low income senior apartment complex.

\$2,750,000

Hillview, 25 unit single family development No commitment to date.

Westside Apartments \$1,400,000

Palm Court Apartments \$1,000,000

The Agency expects the Hollister Second Program and the Hollister Owner-Occupied Rehabilitation Program to continue throughout the term of the plan. Both these programs are typically budgeted \$400,000 per fiscal year.

OPPORTUNITIES FOR ENERGY CONSERVATION

Housing elements are required to identify opportunities for energy conservation. The recent energy crisis has highlighted the importance of reducing energy use by homeowners. Energy conservation reduces monthly housing costs and helps to solve the energy shortage. Programs that promote the use of renewable energy technologies can further minimize the use of nonrenewable resources.

The City of Hollister seeks to improve energy conservation for homeowners. Title 24 Energy Conservation Requirements are applied to new construction and remodeling projects. The standards may increase initial construction costs, but over time result in energy savings.

- City of Hollister Housing Rehabilitation Loan Program. This program assists in the rehabilitation of older housing units, which can include energy efficiency improvements.
- Community Services Development Corporation. The Community Services Development Corporation (CSDC) provides services for low-income residents of Hollister. The CSDC operates a weather-

ization program that provides minor repairs to homes and installation of other energy savings measures to reduce energy costs. The program is targeted to low-income residents, some of whom may have high gas and electric bills due to substandard or energy inefficient housing and may be in danger of having their gas and electricity shut off due to non-payment of energy bills.

- PG&E. PG&E sponsors a variety of programs designed to encourage energy-efficiency by consumers and the building industry. The company sponsors a comprehensive rebate program for qualifying ENERGY STAR labeled products, which include home appliances, home audio equipment, office equipment, compact fluorescent lightbulbs (CFLs), lighting fixtures, air conditioners, furnaces, windows and roofing products. Through the California ENERGY STAR Homes Program, builders may qualify for up to \$700 per single family home and \$150 per multifamily unit in rebates by incorporating energy-efficient features into new residences. To qualify for the incentives, builders must be accepted into the program before beginning construction and exceed Title 24 requirements by at least 15 percent. PG&E also provides a recycling program for old, energy inefficient refrigerators and offers a \$35 incentive and free pick-up and environmentally-safe disposal of operable refrigerators.

